



Trade Area Analysis

Section 3 analyzes the size and shape of the trade area for Lake Mills businesses. The trade area defines the boundaries that will serve as the basis for further analysis in this report.

The trade area is the geographic region that generates the majority of customers for Lake Mills retail and service businesses. The analysis realizes that different business types have different trade areas. That is, some businesses will draw customers from a greater distance than others. While communities often have multiple trade areas (primary, secondary, convenience, etc.), a single trade area is defined for downtown Lake Mills. The decision to use a single trade area is based on the locations of regional retail centers to the north, east, and south of downtown Lake Mills. In general, the Lake Mills trade area is intended to mirror the overall market area for the community.

Local residents of the Lake Mills area provide the greatest spending potential for most business categories. For some convenience businesses, the primary trade area may represent 90 percent of its customers. For destination shopping businesses, the primary trade area may represent less than 50 percent of its customers.

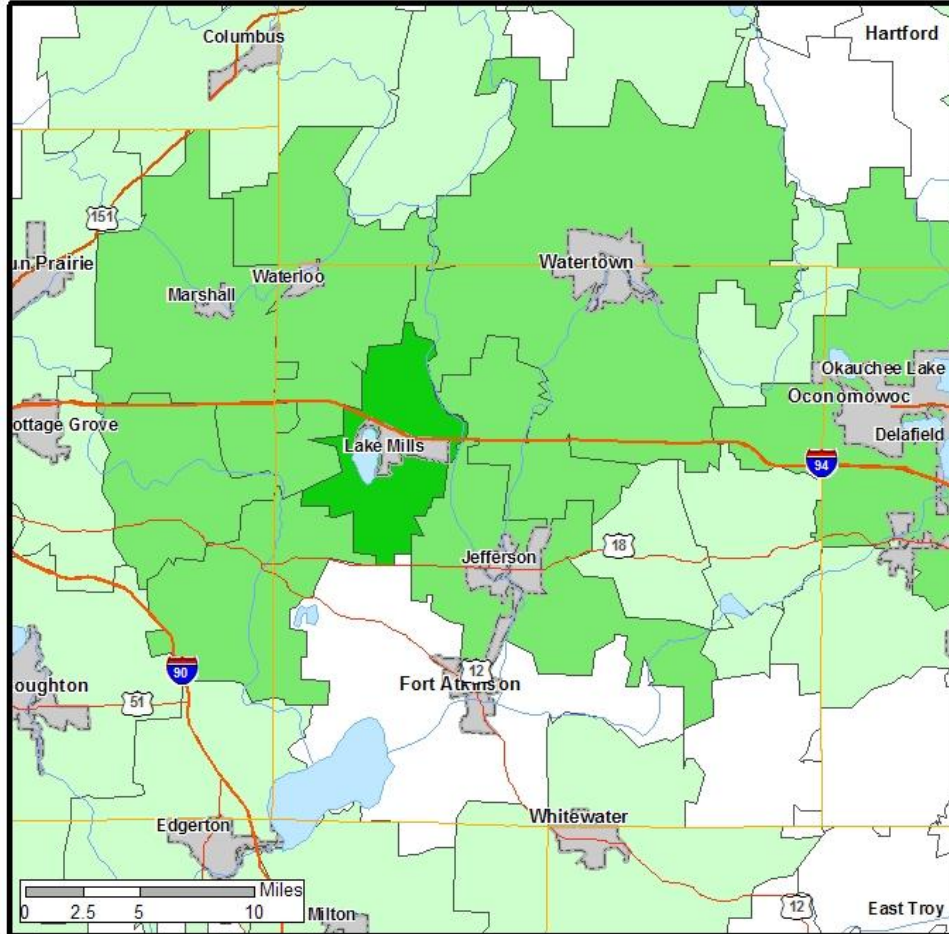
In addition to local residents, tourists and visitors represent a sizable market segment for communities like Lake Mills. While many of these customers live outside of the primary trade area, they need to be recognized as an important market segment. Tourists and visitors are attracted to Lake Mills for events such as Town and Country Days and the Fall Festival of Color. Furthermore, visitors take advantage of Lake Mills' location on the shores of Rock Lake, its Downtown Commons Park, and many recreational activities in the region. To examine these market segments, this section summarizes an analysis of customer origins, drive times and other geographic boundaries that may influence the trade area.

Customer Origins

For this analysis, actual customer zip codes were used to analyze the drawing power of Lake Mills businesses. These zip codes were obtained from a variety of representative attractions and businesses including a mix of three local retailers, a retail service provider, and a large retailer. Information from each business was analyzed and mapped using Geographic Information Systems (GIS).

Mapping customer zip codes provides one estimate of the overall “community” trade area. As previously mentioned, we must recognize that each business has a unique trade area. Furthermore, people residing in the trade area purchase certain goods and services outside the area. However, this method does have distinct advantages as it is based on actual customer data. Five samples of customer origins are shown on the following maps. Maps 3.1, 3.3, and 3.5 show samples of customer origins for businesses with a local customer market, while Maps 3.2 and 3.4 provide samples for businesses focusing on the regional market.

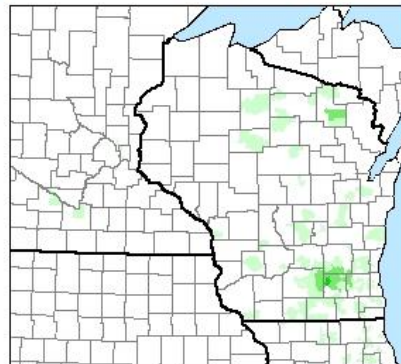
**Map 1 - Business #1 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)**



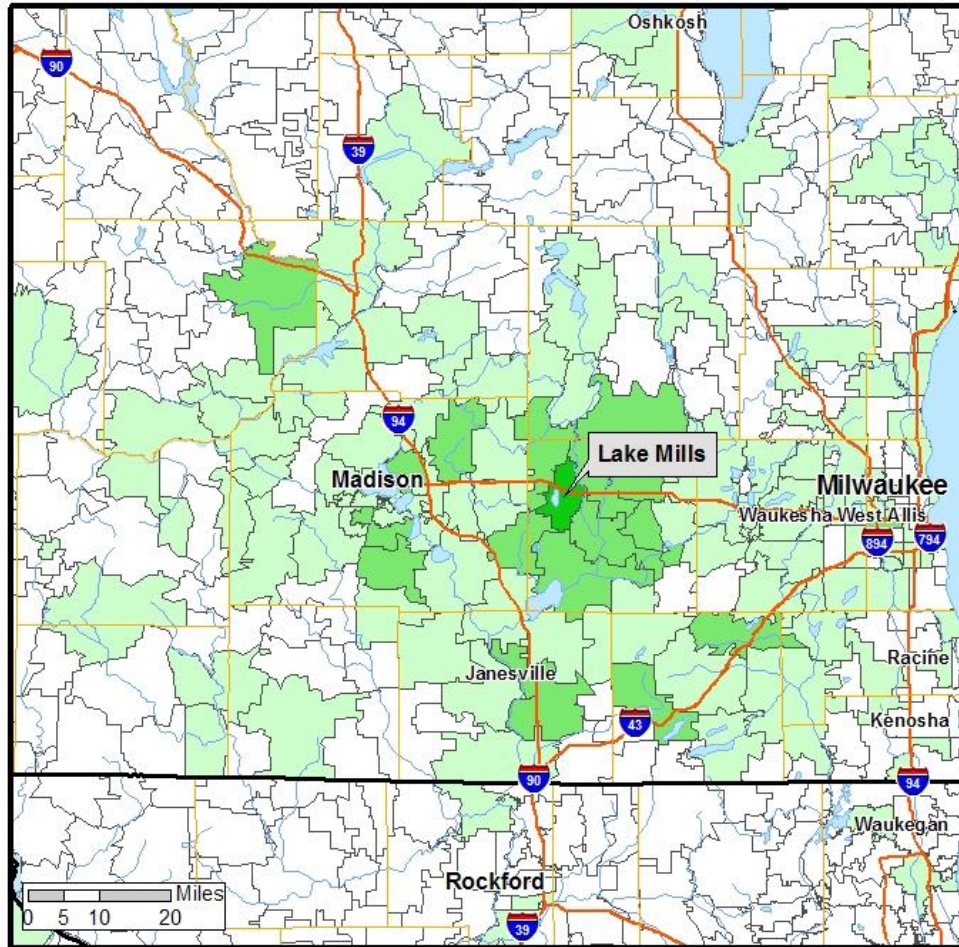
**Customers by Zip Code*
(Percent of Total)**

- 10.1% to 49.1%
- 1.1% to 10.0 %
- 1.0% or Less
- No Customer Data
- County Boundary
- Limited Access Highway
- Highway
- Community

* N = 1,446 customers
 ** 53551 Zip Code (Lake Mills) = 49.1%



Map 2 - Business #2 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)



**Customers by Zip Code*
(Percent of Total)**

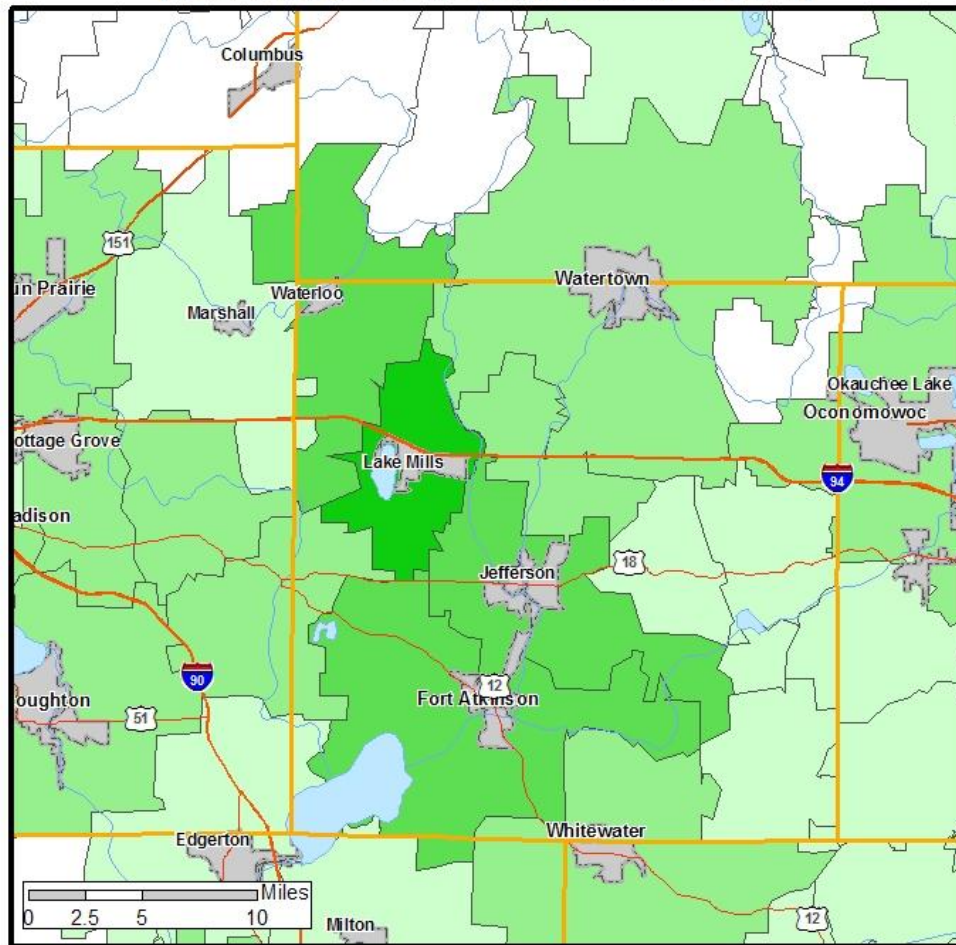
- 10.1% to 20.2%
- 1.1% to 10.0%
- 1.0% or Less
- No Customer Data
- County Boundary
- Limited Access Highway
- Highway

* N = 782 customers

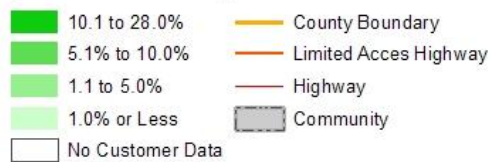
** 53551 Zip Code (Lake Mills) = 20.2%



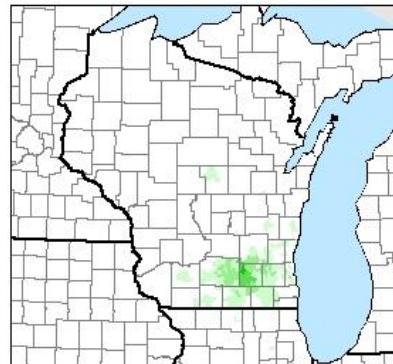
Map 3 - Business #3 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)



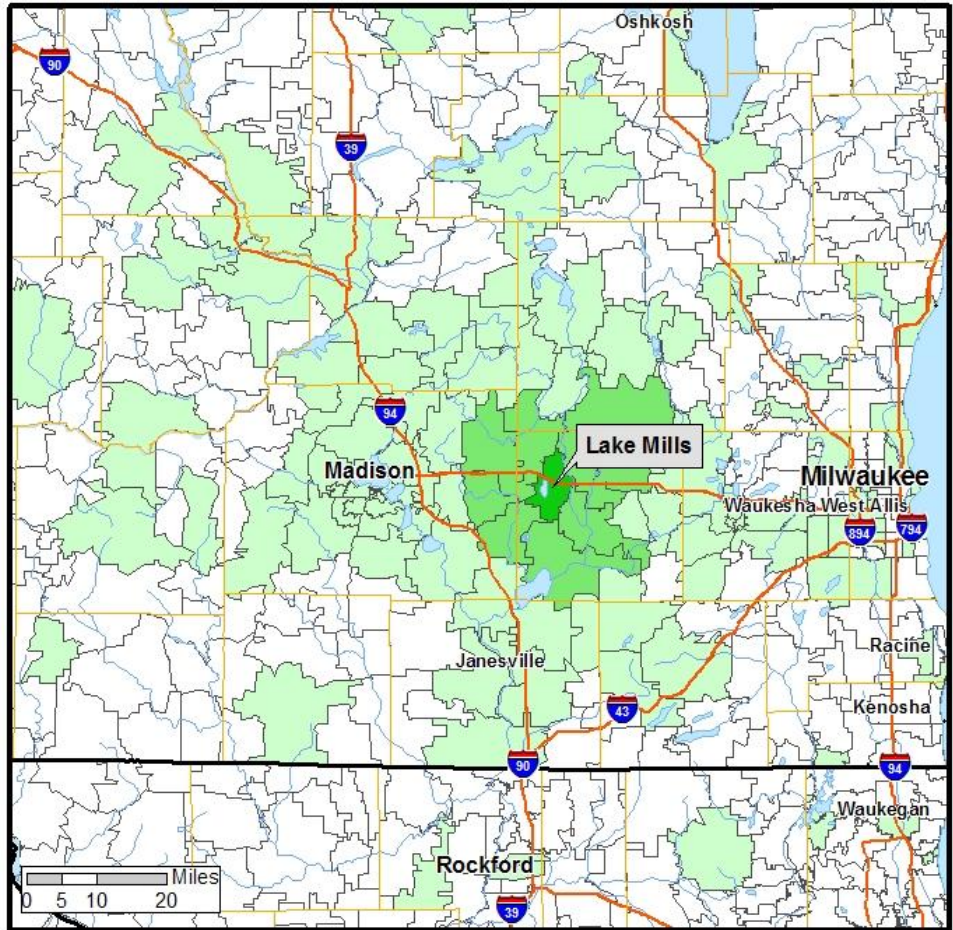
**Customers by Zip Code*
(Percent of Total)**



* N = 583 customers
** 53551 Zip Code (Lake Mills) = 27.96%



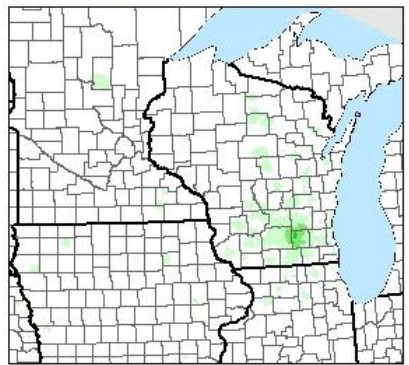
Map 4 - Business #4 Customer Origins by Zip Code
 (As Percent of All Customer Zip Codes)



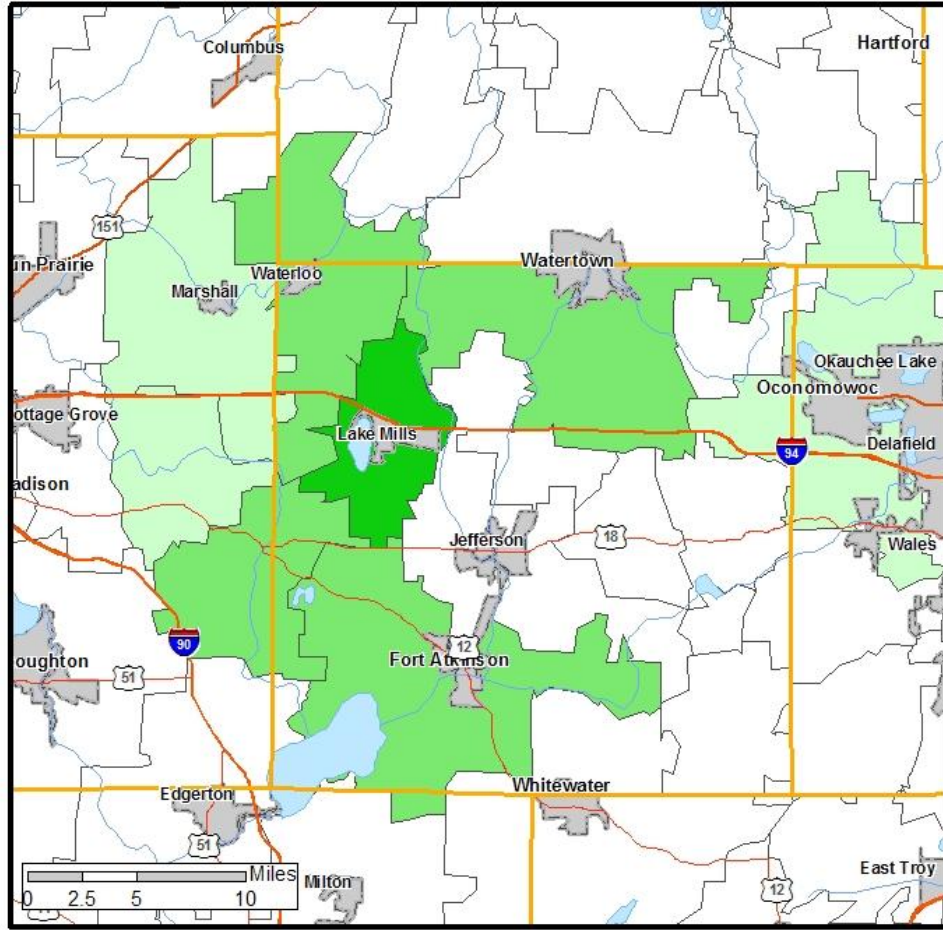
**Customers by Zip Code*
 (Percent of Total)**

- 10.1% to 54.5%
- 1.1% to 10.0%
- 1.0% or Less
- No Customer Data
- County Boundary
- Limited Access Highway
- Highway

* N = 3,866 customers
 ** 53551 Zip Code (Lake Mills) = 54.45%



Map 5 - Business #5 Customer Origins by Zip Code
 (As Percent of All Customer Zip Codes)



**Customers by Zip Code*
 (Percent of Total)**

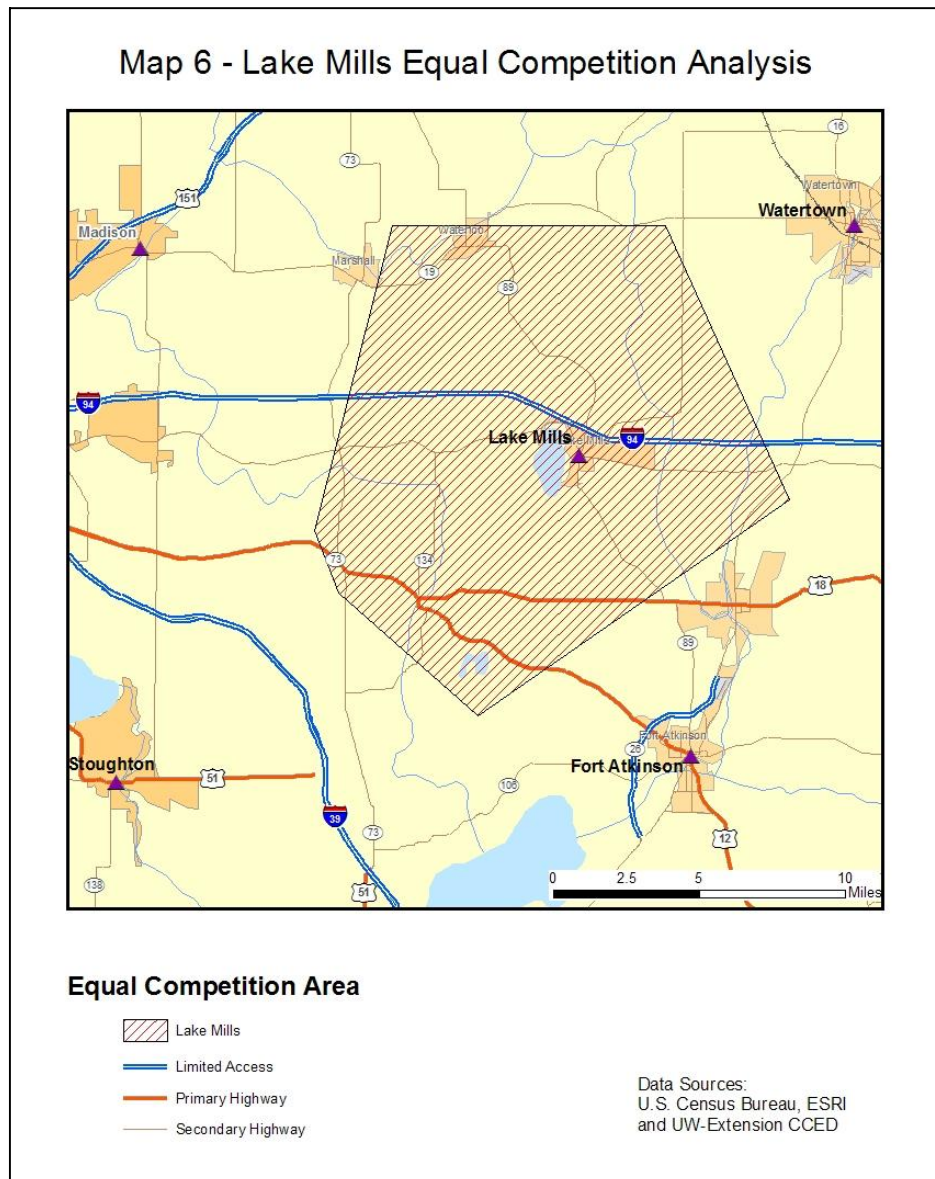
- 5.1% to 82.5%
- 1.1% to 5.0%
- 1.0% or Less
- No Customer Data
- County Boundary
- Limited Access Highway
- Highway
- Community

* N = 3,003 customers
 ** 53551 Zip Code (Lake Mills) = 82.48%



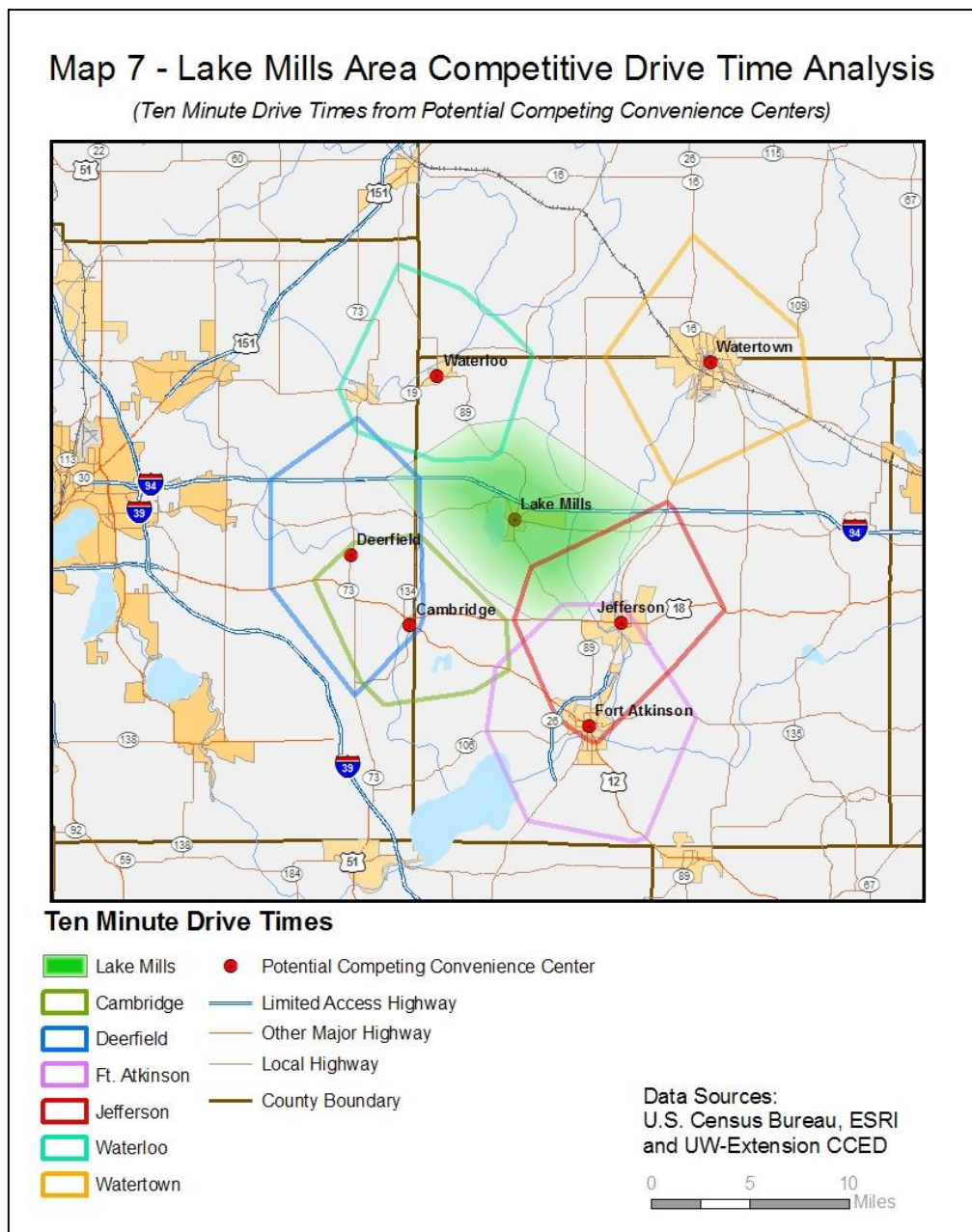
Equal Competition

Equal competition or Thiessen polygons represent the area in which the travel distance to the subject (in this case, Lake Mills) is shorter than Lake Mills to other competing markets. This is done by drawing a line at the midpoint between Lake Mills and the surrounding communities. This analysis is used to determine destination-type trade areas. For this analysis, equal competition polygons were created around Lake Mills and its major regional competitors: Watertown, Fort Atkinson, Edgerton, Stoughton, Sun Prairie, and Madison. The polygon associated with Lake Mills is shown on Map 3.3 and includes the communities of Waterloo, Deerfield, and Cambridge-Lake Ripley as well as more rural area surrounding Lake Mills. Residents of this area are closer to Lake Mills than other regional competitors, and therefore they represent an important customer segment for local businesses. It is important to note that while Equal Competition analyses show a potential destination trade area, other attractiveness factors such as retail mix and accessibility may play a more important role than distance alone.



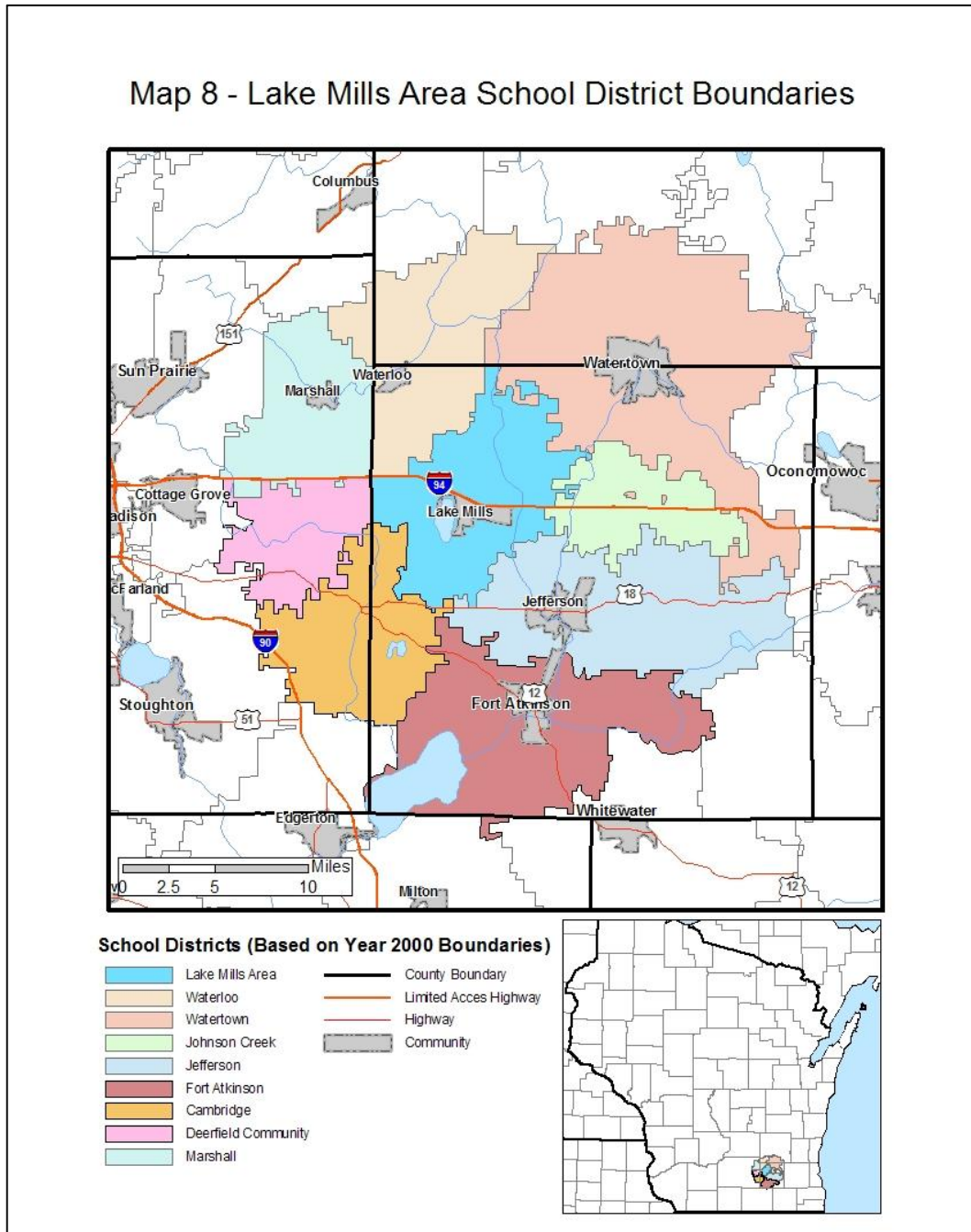
Drive Time Analysis

Analyzing drive times around Lake Mills is useful in evaluating the market for those goods and services purchased on the basis of convenience (i.e. groceries). Analyzing drive times around Lake Mills relative to surrounding communities determines those areas closest to Lake Mills and the most likely origins of convenience-seeking customers. Map 3.4 shows ten-minute drive times around Lake Mills and several surrounding communities. Within this drive time, Lake Mills is not totally isolated from other competing communities. The only community showing significant overlap, however, is Jefferson. While this analysis cannot predict shopping preferences for individuals, it does show that Lake Mills has at least the geographic potential to capture a share of the convenience market segment.



School District Boundaries

School district boundaries provide another method for examining people traveling into and out of the Lake Mills area. Parents of students within the district travel into Lake Mills when shuttling their children to school and when attending school functions. Accordingly, the people associated with the school district have an inherent attachment to the area and provide a potential customer segment for area businesses. The district boundaries are shown on Map 3.5 and include the City of Lake Mills along with the surrounding rural areas.



Conclusion – Size and Shape of Trade Area

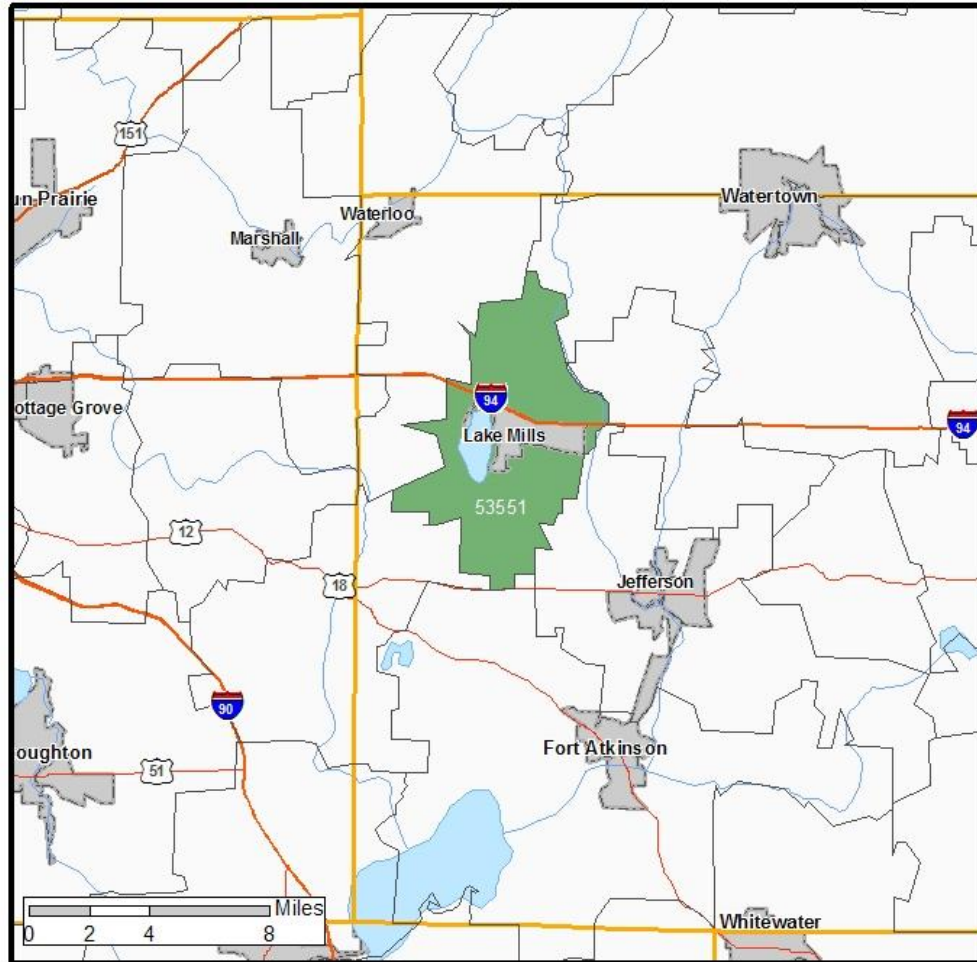
Upon analysis of the preceding maps and data, the trade area shown in Map 3.9 (following page) was constructed. This trade area recognizes the surrounding competition, especially from Madison to the west and from Johnson Creek to the east. This trade area will be used in the remainder of the study and is comprised of the zip codes listed below.

53551 – Lake Mills (Primary Trade Area)

The primary trade area is located in western Jefferson County while the secondary trade area includes small portions of eastern Dane County and south-western Dodge County. When evaluating the trade area, a number of factors should be considered:

- The trade area recognizes the proximity of the large commercial centers to the east in Johnson Creek and to the west in Madison.
- The trade area approximates those areas that may provide the best opportunities for capturing convenience-based shopping opportunities.
- Certain businesses in the Lake Mills trade area draw from a much larger distance than the community trade area. These destination businesses may include the community's automobile dealerships and various tourist attractions. *Accordingly, unique destination-type businesses may want to consider a broader market when assessing market opportunities.*

Map 9 - Lake Mills Primary Trade Area



Lake Mills Primary and Secondary Trade Areas

- Primary Trade Area
- County Boundary
- Limited Access Highway
- Highway
- Community

